



**January 15, 2019**

**Item No. 6**

**RATIFICATION OF FORMATION OF FOUR LEGAL ENTITIES AND AUTHORIZATION TO SECURE FINANCING FOR FOUR SENIOR RAD PROPERTIES.**

**Properties:**

<b>Property 1:</b>	Daniel Hudson Burnham Apts.	<b>Property 3:</b>	Lorraine Hansberry Apts.
<b>Address:</b>	1930 W. Loyola	<b>Address:</b>	5670 W. Lake Street
<b>Ward:</b>	50 <sup>th</sup>	<b>Ward:</b>	29 <sup>th</sup>
<b>Alderman:</b>	Debra Silverstein	<b>Alderman:</b>	Chris Taliaferro
<b>Property 2:</b>	Harry Schneider Apts.	<b>Property 4:</b>	Vivian Carter Apts.
<b>Address:</b>	1750 W. Peterson	<b>Address:</b>	6401 S. Yale
<b>Ward:</b>	40 <sup>th</sup>	<b>Ward:</b>	20 <sup>th</sup>
<b>Alderman:</b>	Patrick O'Connor	<b>Alderman:</b>	Willie Cochran

**Presenter:** Ann McKenzie, Chief Development Officer

**Recommendation**

The Chief Executive Officer recommends that the Board of Commissioners of the Chicago Housing Authority ("CHA" or the "Authority"): (1) Ratify the formation of four legal entities, (2) Authorize closing transactions for the refinancing of up to four senior properties ("Properties") and the reimbursement to Chicago Housing Authority of costs related thereto; (3) Authorize securing permanent financing in an aggregate amount not to exceed \$32 Million; (4) Authorize the transfer of the Properties to the respective new legal entities, finance the sale through Seller financing to those legal entities and ground lease the underlying land; (5) Authorize the assignment of the existing Rental Assistance Demonstration housing assistance payment contracts to the new owners; and (6) Authorize the execution and delivery of such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The requested actions in this item compiles in all material respects with all applicable CHA Board of Commissioner's policies and all applicable federal regulations. Staff have completed all necessary due diligence to support the submission of this initiative.

## **Property Summary**

<b>Building Name</b>	<b>Address</b>	<b>Residents Served</b>
Daniel Hudson Burnham Apts.	1930 W. Loyola	Seniors
Harry Schneider Apts.	1750 W. Peterson	Seniors
Lorraine Hansberry Apts.	5670 W. Lake	Seniors
Vivian Carter Apts.	6401 S. Yale	Seniors

## **Funding**

No additional CHA funding needed.

## **Background**

Daniel Hudson Burnham Apartments is a 6-story designated senior housing building located at 1930 W. Loyola. The building, which contains 181 units (179 RAD residential units and 2 non-dwelling units), was built in 1982 and is located on an approximately 2.3-acre site. This property converted to RAD PBV on September 30, 2016.

Harry Schneider Apartments is a 13-story designated senior housing building located at 1750 W. Peterson. The building, which contains 175 units (174 RAD residential units and 1 market rate unit), was built in 1976 and is located on an approximately 1.1-acre site. This property converted to RAD PBV on May 27, 2017.

Lorraine Hansberry Apartments is a 9-story designated senior housing building located at 5670 W. Lake Street. The building, which contains 169 units (168 RAD residential units and 1 non-dwelling unit), was built in 1976 and is located on an approximately 2.1-acre site. This property converted to RAD PBV on November 21, 2017.

Vivian Carter Apartments is a 14-story designated senior housing building located at 6401 S. Yale. The building, which contains 224 units (221 RAD residential units and 3 non-dwelling units), was built in 1971 and is located on an approximately 1.8-acre site. This property converted to RAD PBV on May 31, 2018.

## **Development Entities and the Plan**

The attached resolution authorizes the formation of owner entities, with related documents needed for the formation of said entities and authorizes various significant actions which will be taken. Such actions include the execution and delivery of various financing, acquisition, and other development and/or management documents.

## **Finance**

### **Interest Rates:**

The aggregate interest rate for each loan will be determined but will not exceed 6.5%.

### **Borrowers:**

Single purpose entities for each property.

### **Maturity Date:**

15 to 40 years.

**Purpose:** To finance the costs of the limited renovation planned and fund other affordable housing.

**Permanent Financing:** In 2019, the permanent debt will commence with an aggregate of loans not to exceed \$32 Million.

These properties are part of the CHA LLC's wider portfolio of properties that have converted to RAD PBV.

Respectfully Submitted:

---

Ann McKenzie  
Chief Development Officer

## **RESOLUTION NO. 2019-CHA-**

**WHEREAS,** the Chicago Housing Authority proposes to authorize Chicago Housing Administration LLC to refinance four RAD properties (Daniel Hudson Burnham Apts., Harry Schneider Apts., Lorraine Hansberry Apts., and Vivian Carter Apts.) with a total of 742 rental units in Chicago, Illinois; and

**WHEREAS,** the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated January 15, 2019 entitled "Ratification of formation of four legal entities and Authorization to secure financing for four senior RAD properties.."

**THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:**

**THAT,** the formation of four legal entities is ratified;

**THAT,** the Chief Executive Officer, or his designee, is authorized to close the transactions for the refinancing of up to four senior RAD properties and the reimbursement to Chicago Housing Authority of costs related thereto;

**THAT,** the Chief Executive Officer, or his designee, is authorized to secure permanent financing in an aggregate amount not to exceed \$32 Million;

**THAT,** the Chief Executive Officer, or his designee, is authorized to transfer the Properties to the respective new legal entities, finance the sale through Seller financing to those legal entities and ground lease the underlying land;

**THAT,** the Chief Executive Officer, or his designee, is authorized to assign the existing Rental Assistance Demonstration housing assistance payment contracts to the new owners; and

**THAT,** the Chief Executive Officer, or his designee, is authorized to execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is not subject to compliance with CHA's MBE/WBE/DBE/Section 3 hiring and insurance requirements.

---

Eugene E. Jones, Jr.  
Chief Executive Officer  
Chicago Housing Authority